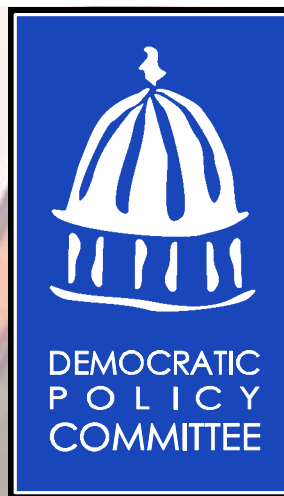


MINORITIES

SPECIAL REPORT



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**REVISED AND
UPDATED**

**THE IMPACT OF
THE BUSH BUDGET ON
BLACK AND HISPANIC
FAMILIES:
LEAVING TOO MANY BEHIND**

THE IMPACT OF THE BUSH BUDGET ON BLACK & HISPANIC FAMILIES: LEAVING TOO MANY BEHIND

– Revised and Updated Version of Special Report –

While President Bush has emphasized reaching out to minority communities and working for all Americans, President Bush's budget breaks faith with those promises and short-changes both African-Americans and Hispanic Americans.

First and foremost, the Bush budget puts tax cuts first, and fails to make important investments in education, health care, law enforcement, and Digital Divide. These budget decisions are particularly harmful to black and Hispanic Americans. That is because most black and Hispanic Americans with children would get NO tax cut at all, while much needed improvements in better education, health care, Social Security and Medicare important to minorities are sacrificed in the Bush budget to pay for these tax cuts.

This report examines the Bush budget, whose details were released on April 9th, showing how it fails to live up to the Bush promise to be a compassionate conservative who is committed to equal opportunity for all. It looks at the following issues:

- Tax Cuts
- Social Security
- Medicare
- Health
- Education
- Head Start
- Child Care/Early Learning
- Justice/Civil Rights
- Digital Divide
- Small Business & Community Development
- Housing
- Employment and Job Training
- Welfare, Nutrition, & Social Services

Bush Tax Cuts Leave Black & Hispanic Families Behind

The more than \$2 trillion in tax cuts that the Bush budget spends the surplus on leaves many working families behind, despite claims that the tax cut would go to all taxpayers. The reality is that the tax cut will benefit the wealthy while leaving a majority of black and Hispanic families with children behind.

Specifically, according to the Citizens for Tax Justice, 45% of the Bush tax cuts will go to wealthy families in the top 1% of income.

In contrast, according to the Center on Budget and Policy Priorities, 53% of black and Hispanic families with children would receive NO tax reduction if the Bush plan were enacted, even though 75% of these families include someone who is working.

The six million black and Hispanic families that would receive no benefit from the proposal include 6.1 million black children and 6.5 million Hispanic children — or 55% of all black children and 56% of all Hispanic children.

Among non-Hispanic blacks, three million families with children — 52.8% of all such families — would not benefit from the Bush tax plan.

The figures among Hispanic families are nearly identical. Among Hispanics, three million families with children — 52.9% of Hispanic families with children — would not be aided.

This is the case because the Bush Administration fails to provide tax relief to low- and moderate-income working families that do not earn enough to owe federal income tax but pay substantial amounts of payroll and other taxes. Millions of black and Hispanic families fall into this category.

That minority families will not get the tax cuts is only part of the problem. The fact is that the Bush tax cuts would consume virtually all of the projected budget surpluses, leaving little for improvements in other areas critical to minorities, such as education, health care, housing, eliminating the digital divide, providing an adequate Medicare prescription drug benefit for seniors, to name a few. Further, these tax cuts threaten the surpluses in Social Security and Medicare that will be needed to prepare for the retirement of the baby boomers.

Social Security

Despite the importance of Social Security to Hispanics, blacks, and all Americans, Republicans have a plan that raids the Social Security Trust Fund and squanders the budget surplus on a risky scheme to partially privatize Social Security.

First, the Bush plan to partially privatize Social Security by creating personal retirement accounts **would cost \$1.1 trillion over 10 years** — requiring significant revenue transfers either from general revenues or from the Social Security Trust Fund. Either of these moves would jeopardize the retirement incomes of both current beneficiaries and of current workers who will depend on Social Security in the future.

Secondly, the Bush budget — by squandering virtually the entire non-Social Security, non-Medicare surplus on massive tax cuts, skewed disproportionately to the wealthy — **leaves no budgetary resources to bolster Social Security**. By contrast, the House Democratic budget devotes \$910 billion of the non-Social Security, non-Medicare surplus to the Social Security and Medicare trust funds — thereby strengthening long-term debt reduction and

extending the solvency of Social Security to at least 2050 and Medicare to at least 2040.

The future of Social Security is particularly important to blacks and Hispanics. That is because blacks and Hispanics have less private pension coverage, and depend heavily on Social Security as the primary source of income in their retirement years. Specifically, Social Security is the only source of retirement income for 39% of older Hispanics and 40% of older African-Americans, according to the Social Security Administration. Nearly 80% of African American and 80% of Hispanic American senior households get a majority of their income from Social Security for their retirement income.

As such, Social Security plays a key role in lifting black and Latino seniors out of poverty. Without Social Security, the poverty rate for elderly Hispanics would increase from 20% to nearly 60%. For blacks, the poverty rate would increase from 27% to 66%.

Medicare

In addition to jeopardizing Social Security, the Bush Budget appears to raid the Medicare Trust fund to pay for tax cuts. Specifically, the President's budget denies the existence of a Medicare surplus and puts the Medicare surplus of \$526 billion into its "\$1 trillion contingency reserve" fund, which may be used to pay for the tax cuts and programs other than current Medicare benefits. Under current law, the entire Medicare Part A Trust Fund surplus is already committed to paying Medicare Part A benefits – including benefits related to hospital, skilled nursing home, hospice, and certain home health services.

In addition to putting the entire Medicare Part A (Hospital Insurance) surplus at risk by placing it in the President's "contingency" fund, the Bush budget also calls for diverting \$153 billion out of the Medicare Part A surpluses – dedicated to paying Medicare Part A benefits promised under current law – to pay for an inadequate prescription drug benefit and undefined Medicare "reforms." The Bush proposal on prescription drugs is less than even last year's House Republican plan which was deemed by many health care analysts and the insurance industry as unworkable and unlikely to provide adequate protection against prescription drug costs for most Medicare beneficiaries.

Medicare and prescription drug coverage is important to black and Hispanic seniors. More than 4.5 million black and Hispanic seniors get their health care through the Medicare program, and that number will balloon over the next 25 years. In fact, by 2025, the Census Bureau estimates that racial and ethnic Americans will more than double as a share of the elderly rising from 14% to 35%, representing one in three seniors. Further, 25% of Hispanic and African American beneficiaries rely only on Medicare, with no supplemental health insurance -- meaning they have no prescription drug coverage at all – compared to 10% of white beneficiaries.

Health

Access to health care is a critical issue for black and Hispanic Americans. Overall, more than 40% of non-elderly African-Americans and more than 50% of non-elderly Hispanic Americans have no health insurance or rely on Medicaid, according to the Urban Institute. More than 20% of African Americans and 35% of Hispanic Americans have no health insurance at all. Even minority children face obstacles in getting the health care they need. One in three Hispanic children and one in five black children are at risk for being uninsured. Of the 10.8 million uninsured children, 4.4 million were White, 3.4 million were Hispanic, and 2.1 million were Black.

Medicaid & S-CHIP. Currently, Medicaid and the State Children's Health Insurance Program (S-CHIP) – designed primarily to help children in working families with incomes too high to qualify for Medicaid but too low to afford private family coverage – help get health care to more than 20 million kids.

Instead of building on Medicaid and S-CHIP coverage for children, the Bush budget proposes the largest single cutback in mandatory programs from changes in the Medicaid and State Children's Health Insurance Program. Specifically, the Bush budget cuts Medicaid spending by \$606 million in 2002 relative to current law. Over five years (2002-2006), Medicaid spending is \$6.9 billion lower than it would be otherwise, and \$17.4 billion lower over 10 years (2002-2011). Further, the budget alludes to replacing Medicaid and S-CHIP with private health insurance through health care tax credits and other unspecified proposals. However, it is not at all clear that the level of tax credits being discussed would be sufficient to ensure that families with children could purchase health insurance policies with adequate coverage.

Maternal and Child Health Block Grant. Despite its importance, the Bush budget cuts the Maternal and Child Health (MCH) Block Grant below this year's level. Specifically, for FY 2002, the Bush budget funds the MCH block grant at \$709 million – a cut of \$5 million below a freeze at the FY 2001 enacted level. The MCH block grant program gives grants to states to develop federal/state systems of services for women before, during and after pregnancy and childbirth; and to reduce infant mortality and provide access to care.

Healthy Start. Despite its importance, the Bush budget freezes Healthy Start at the FY 2001 level of \$90 million for FY 2002. The FY 2001 level was also freeze-level funded so the actual purchasing power of this program is reduced for a second year in a row under the Bush budget. The Healthy Start program supports programs to reduce low birth weight, inadequate prenatal care, and other factors contributing to infant mortality, in targeted high-risk communities.

Community Health Centers. In order to continue meeting the demand for health services, a minimum increase of \$250 million is needed rather than the \$125 million increase proposed by the Bush budget plan. This proposal does not begin to fulfill President Bush's campaign promise to provide \$3.6 billion over 5 years to build an additional 1,200 Community Health Centers. Some 70% of the clients served by Community Health Centers are minorities.

Health Professions Training. The Bush budget proposal reduces funding to Health Professions which provide training grants to institutions to increase the number of under-represented health professionals. The Bush budget proposes this even though many rural and border areas, where there are high concentrations of Hispanics, rarely have an adequate number of doctors and other health care professionals to meet demand. According to the Department of Health and Human Services, there are 3,000 medically underserved communities.

Community Access Program. The budget eliminates \$125 million for the Community Access Program (CAP). CAP provides grants to community providers such as hospitals and community health centers that serve uninsured or under-insured persons. The grants allow these providers to develop and coordinate their care network so that people gain access to necessary health care services.

Centers for Disease Control (CDC). The Bush budget proposes a \$165 million (4%) cut below the FY 2001 level for the Centers for Disease Control. The largest cuts come in CDC's Chronic Disease Prevention and Health Promotion programs, which are cut \$175 million (23%) below the current year. The budget proposes elimination of the \$125 million youth media campaign funded in FY 2001 aimed at encouraging young people to develop habits that foster good health (such as good nutrition, physical activity, and avoiding alcohol and drug abuse and tobacco). These programs are important to minority communities, which tend to suffer from poorer overall health and more chronic illnesses.

Office of Minority Health. The Bush budget proposes to cut the Office of Minority Health by \$6 million or 12.2% from FY 2001. This Office supports disease prevention, health promotion, and health service delivery for disadvantaged minorities, and sponsors research to improve the health status of racial and ethnic minority populations.

Education

Everyone agrees that a good education is the most critical key to success. Latinos are the fastest growing and youngest segment of our population. The Education Department's Baby Boom Echo Report shows that Hispanics make up 7.9 million of our school-aged children, and will increase 60% over the next 20 years to 12.7 million. The number of black school-aged children is expected to rise by 3% over the next 20 years. By 2100, about 64% of children are expected to be from minority groups.

Schools with high concentrations of Black and Latino students are often in resource-deprived inner cities or rural communities. Schools in these settings are more likely to have overcrowded classrooms, inadequate technology, and deteriorating and unsafe conditions. Black and Latino students lag behind their elementary school peers in reading, math, and science proficiency, as well as in standardized tests. Tutoring, after-school programs, and Title I programs are some of the most effective initiatives to provide assistance to students who need the extra help.

President Bush Proposes the Smallest Increase for Education in Six Years. To make room for his huge taxcuts, President Bush's budget would provide \$44.5 billion for the U.S. Department of Education – only a \$2.4 billion (or 5.7%) increase and the smallest increase in six years (in percentage terms). Over the last five years, education increases have averaged 13%. After accounting for both inflation and enrollment growth, the proposed increase for the Education Department drops to just 3.3%.

The Bush Budget Starves Key Education Initiatives. President Bush provides only a \$2.4 billion increase for education but proposes to spend nearly \$2 billion of that on reading and Pell Grants. He leaves only \$400 million for all other education programs—including all other elementary, secondary, and higher education programs, special education, and vocational education—less than the Education Department needs just to keep up with inflation.

This \$400 million is clearly not enough even to fund any number of education efforts important to improving the performance of minority students. For example, bilingual education programs alone need a \$509 million increase to meet the needs of Limited English Proficient (LEP) students, and yet the Bush budget provides no additional funding. Migrant Education needs a \$480 million increase to effectively reach all migrant students according to experts, and yet the Bush budget provides no additional funding. Further, significant increases are needed for the High School Equivalent Program/College Assistance Migrant Program to reduce the number of high school dropouts and keep students in college through their first year.

The Bush Budget also fails minority students in the following respects:

- **Fails to Address the Critical Needs of Minority-Serving Institutions.** President Bush provides Historically Black Colleges and Universities and Hispanic-Serving Institutions (HSI/HBCU) with a small (6.5%) increase in funding, compared to 24.5% average annual increases over the last three years. This constitutes the smallest increase in HSI/HBCU funding in five years. Since Hispanics form one of the fastest growing groups of students in higher education and over 40% of Hispanics in higher education graduate from an HSI, it will take a lot more than a \$19 million increase in HSI/HBCU funding to meet the needs of this student population. Further, HBCUs enroll 16% of all African Americans nationwide, and confer more than 70% of the degrees granted to African Americans and yet Bush is proposing to slash the rate of increase for these institutions that are critical to the success of many minority students.
- **Eliminates the Class-Size Reduction Initiative/Underfunds the Commitment to More & Better Teachers.** The Bush budget eliminates the Class Size Reduction Initiative by consolidating class size reduction and Eisenhower professional development. The Bush budget also fails to provide enough funding to continue reducing class size and expand professional development and training for teachers. The Bush budget provides far less than Democrats have proposed to improve teacher training and continue on the path to put 100,000 quality teachers in the classroom. This year, there are 37,000 teachers funded through the class size reduction program providing smaller classes to 2 million children which recent

reports indicate is particularly important to black students. (“Would Smaller Classes Help Close the Black-White Achievement Gap,” Princeton University, March 2001) Specifically, this report showed that while black students are in small classes, their average test scores increased by 7-10 percentile points – nearly twice that of white students (3-4 percentile points). Under the Bush budget, many of these teachers may have to be let go.

- **Zeroes Out School Modernization.** Instead of moving forward toward modern and safe schools, the Bush budget eliminates the School Renovation Program next year, and retroactively redirects the \$1.2 billion already appropriated for this year to technology and special education. As many as 1,000 schools in disrepair will not be renovated. Many of the schools that need modernization are in minority urban areas.
- **Breaks Promise on Increase in Pell Grants.** The budget request is \$1.5 billion short of President Bush’s campaign proposal to provide \$5,100 Pell Grants to low-income freshmen. Under the Bush budget, the maximum Pell Grant would increase by only \$100 – from \$3,750 to \$3,850. Pell Grants are key to helping black and Hispanic young people get to college. In fact, nearly 40% of black and 33% Hispanic students depend on Pell Grants to make college affordable.
- **Freezes Funding for After-School Programs.** Specifically, the Bush budget freezes funding for the 21st Century Community Learning Centers after-school program at the FY 2001 level – \$846 million – despite the enormous need for expanded after-school programs. After-school programs can provide low-achieving students the extra help to meet challenging academic standards, and are key to keeping kids off the streets after school, and preventing youth crime, and alcohol and drug use.
- **Freezes Funding for Safe and Drug-Free Schools Program.** The Bush budget also freezes funding for the Safe and Drug-Free Schools program at the FY 2001 level – \$644 million. The Safe and Drug-Free Schools program is a vitally important program – the major federal program providing resources to school districts across the country to combat violence and drug use in the nation’s schools. These reductions in after-school services and Safe and Drug free Schools Program, along with the elimination of the school counselors, cut school violence prevention services to nearly 500,000 students. According to the 1998 National Assessment of Educational Progress (NEAP), higher percentages of black and Hispanic 4th grade students reported feeling “very unsafe” at school than did white students.
- **Slashes Funding for GEAR-UP.** The Bush budget slashes funding for the GEAR-UP program by 23.1% relative to a freeze at the FY 2001 level – cutting funding from \$295 million in FY 2001 to \$227 million in FY 2002. The GEAR-UP program provides funds to states and local partnerships to help low-income students prepare for college, starting in the 7th grade, and is the most important higher education preparation program for minority students. In FY 2001, approximately 1 million students are receiving services under the program. Under the Bush proposal, approximately 225,000 low-income students would not receive pre-college help.

- **Fails to Fully Fund Educational Help for Disadvantaged Kids (Title 1).** The Bush budget provides a modest 5% (\$459 million) increase over FY 2001 for Title 1 Grants, to provide math and reading help to low-achieving children attending schools with high concentrations low-income students. This nominal increase is a far cry from the \$18.8 billion increase over FY 2001 that the Congressional Research Service says is needed to fully fund Title 1 in FY2002. Under the President's budget, only one-third of eligible students receive educational help under Title I. Title I is important to minority students, as 29% of Title I students are Black and 29% are Hispanic.
- **Cuts Educational Technology Funding.** The Bush budget provides \$817 million in FY 2002 for educational technology grants to states. This amount is \$55 million less than the FY 2001 level of \$872 million – a cut of 6.3% below a freeze at the FY 2001 level.
- **Eliminates Federal Funding for Reading Is Fundamental.** Despite the President's stated commitment to literacy, his budget eliminates all federal funding for Reading is Fundamental (RIF), a 35-year-old nationwide reading program. RIF provides free, new books and family literacy services to 18,000 school and community sites.

The Bush budget, when it comes to education for minority students, seems to leave many behind.

Head Start

Unfortunately, despite promises to leave no child behind, the Bush budget abandons the plan to ensure that one million children receive Head Start by FY 2002. Under the Bush Administration's own estimates, the Head Start program will fall 84,000 students short of that goal in FY 2002.

Funding for Head Start is \$6.2 billion in FY 2001. The Bush budget provides \$6.325 billion for Head Start for FY 2002. But this additional \$125 million is insufficient to increase existing Head Start programs for inflation. Indeed, once various set-asides in the Head Start Act are taken into consideration (i.e. quality funds, early Head Start funding, etc.), let alone inflation adjustments, Head Start will serve fewer children next year. Specifically, the Children's Defense Fund estimates that the President's budget request, if enacted, would mean that Head Start would serve at least 2,500 fewer children next year.

The Bush budget would fail to provide adequate resources despite the fact that already only about 50% of eligible children are able to enroll in Head Start due to lack of funding. Head Start is a comprehensive program that currently helps approximately 916,000 at-risk children, 3 through 5 years of age, to prepare for school and stay healthy by providing education, immunizations, health check-ups and nutritious meals. Head Start is important to minority children – almost 35% of Head Start children are black and 28% are Hispanic.

Child Care/Early Learning

Child Care. The need for quality child care is a daily concern for millions of American working parents. Every day, three out of five preschoolers are in child care. Child care helps to shape the way children think, learn, and behave. Far too many American families with children are not getting what they need because quality child care programs are often unaffordable and difficult to find.

Despite the importance of child care, the Bush budget reduces resources for existing Child Care and Development Block Grant (CCDBG) projects by \$200 million because — although it increases CCDBG by \$200 million — it creates a new \$400 million set-aside for after-school programs. As a result, fewer young, low-income children would receive child care, making it more difficult for their parents to work. The Bush budget proposes these cuts even though only 12% of eligible children are currently served by the Child Care and Development Block Grant.

Early Learning Opportunities Program. The Bush budget eliminates all funding for the Early Learning Opportunities program — a bipartisan initiative enacted last year to provide resources to communities for more responsive early childhood systems, including parent education and family support services. Funding for the program in FY 2001 is \$20 million. Bush proposes this, despite the fact that Laura Bush is recognized as a champion of early childhood education.”

Justice Department/Civil Rights

The president would freeze the Justice Department's budget, effectively cutting the department by 9% when accounting for inflation. These cuts at the Justice Department could hinder both civil rights enforcement, legal services for minorities, and efforts to fight crime on our streets.

Specifically, the Bush budget calls for cutting \$1 billion from state and local law enforcement. This drastic cut of \$1 billion includes a cut of \$271 million in COPS grants used for hiring new community police officers — cutting the grants from \$591 million in FY 2001 to \$320 million in FY 2002. The Bush budget is cutting these COPS grants even though, over the last six years, the COPS program has succeeded in making our communities and our young people safer — slashing crime rates all across the country. This could be very harmful in minority communities, as minority communities continue to live in fear of crime. Blacks were victims of violent crime in 1999 at rates higher than whites and other races put together. Hispanic Americans were more likely to be victims of robbery or aggravated assaults.

In addition, this drastic cut of \$1 billion in assistance to state and local law enforcement includes such cuts in a variety of programs within the Justice Department's Office of Juvenile Justice and Delinquency Prevention that are particularly important in minority communities. These include cuts to juvenile justice and delinquency prevention grants, in gang-free schools and communities grants, in mentoring grants, and in drug reduction program grants. Furthermore, the Bush budget eliminates a \$60 million grant program to

the Boys and Girls Clubs of America to operate clubhouses in public housing projects and high-crime areas in cooperation with local police.

While Bush has said he stands for providing equal opportunity to all, his budget does not put money into enforcing the civil rights laws of our land.

The budget decreases funding for the Equal Employment Opportunity Commission by \$9 million below the level needed to maintain current services. The Equal Employment Opportunity Commission (EEOC) is the key agency in the federal government to fight employment discrimination based on race, ethnicity or gender. The EEOC handles between 75,000 and 80,000 employment discrimination charges a year – nearly 30,000 of which are charges of racial discrimination, and nearly 8,000 of which are charges of discrimination based on ethnicity. Even though the commission is important to ensuring that a fair opportunity in the workplace exists for all, and the number of discrimination cases has grown, the Bush budget fails to fairly fund this key commission.

Further, even though the Legal Services Corporation (LSC) provides critical legal services to the African American and Hispanic communities, the Bush budget cuts LSC by \$8 million. The Legal Services Corporation is the key mechanism to provide legal services to low-income Americans on issues ranging from domestic violence, child custody, evictions, access to health care, bankruptcy, unemployment and disability claims. In 1999, Legal Services Corporation recipients closed more than 1 million civil legal cases. Almost 30% of those currently served by the Legal Services Corporation are Hispanic and 27% of LSC clients were black. The Bush budget proposes these cuts even though LSC is able to serve only 20% of eligible clients.

Digital Divide

While blacks and Hispanics have made progress in getting computers and getting hooked to the internet, the digital divide -- with whites enjoying far greater access to such technology than blacks and Hispanics -- continues to widen. While 46% of white households are connected, only 23% of black and 23% of Hispanic households have internet access. The divide between black households with Internet access and the national average actually increased 3.0 percentage points over the past two years, while the divide between Hispanic households and the national average rate increased 4.3 percentage points.

Yet, the Bush budget proposes to cut the Commerce Department's Technology Opportunities Program by two-thirds – from \$46 million in FY 2001 to \$16 million in FY 2002. This program provides computers and Internet access to poor and underserved areas. This cut in the Bush budget signals a retreat from efforts to encourage Internet use among minorities, the poor, and people in rural areas.

Furthermore, many are concerned about the changes in the E-rate program included in the Bush budget. In the budget, President Bush proposes expanding the scope of the \$2.5 billion E-rate program to include other education-related expenses, in addition to Internet wiring for schools – which advocates of the E-rate program argue would undermine the

program. The E-rate program has been an extremely successful program, bringing technology into many schools with high Hispanic and black student populations.

Small Business/Community Development

According to the Small Business Administration, minority and women owned businesses are the most rapidly growing segments of the business community. Although the nation's minorities account for 26% of today's population and 90% of projected population growth over the next 50 years, they own only 11.6% of the nation's businesses. Nevertheless, minority-owned firms have been growing at twice the rate of all firms in the U.S. economy, in both their total sales and the emergence of new firms.

In part, minority business success is due to the availability of assistance from the Small Business Administration. And yet President Bush is making significant cuts to the SBA which would harm the start ups of minority-owned businesses. Specifically, the Bush budget:

- Cuts the SBA's budget by 43% and makes up the majority of the loss by increasing fees to important programs that provide much needed access to capital such as the \$168 million in new fees under the 7(a) Loan Guaranty Program and the SBIC loan program. These fees will be as high as \$2,400 per loan, plus higher interest rates.
- Imposes \$12 million in new fees on small businesses that use the Small Business Development Centers, which provide management and technical assistance to current and prospective business owners.

Senator Christopher S. Bond, the Missouri Republican who is chairman of the Senate Committee on Small Business, said he was "very concerned" about Mr. Bush's proposal to eliminate a program of loan guarantees for small businesses, which he said, "would not otherwise be able to obtain loans to support business expansion and new jobs." (New York Times, 3/1/01)

Not only does the President's budget propose to cut Small Business programs, it also proposes the following cuts in programs to stimulate investment and economic growth in distressed communities. For example, President Bush's Budget:

- Cuts \$35 million to Empowerment Zones funding, which give distressed communities funding for initiatives to stimulate job creation, improve neighborhood development, and improve community safety.
- Cuts funding for Community Development Financial Institutions (CDFI) by \$52 million (43%) compared to the 2001 level adjusted for inflation. The CDFI seeks to aid investment in economically distressed areas by providing financial and technical aid to encourage banks and thrifts to expand services in distressed areas.

The Bush budget proposes these cuts, even though these programs have strong bipartisan support, and are key to the National League of Cities' goal of investing in the revitalization of existing communities. Even though President Bush has talked about helping all Americans, his budget appears to leave many distressed communities with large Hispanic and African-American populations struggling.

Public Housing

The Bush Administration cuts \$859 million from the public housing budget, even though public housing funds make it possible for 1.3 million low-income families to have homes. Nearly half of these residents are African-American. This includes a \$700 million cut in funds for repair and maintenance of public housing units.

The Bush budget also eliminates the \$309 million Drug Elimination grants program, which provides funds for drug prevention services and security features in public housing, which pays for security guards and police protection at public housing.

Other housing programs that are cut or eliminated are:

- Community Development—The Administration cuts \$410 million from the Community Development Block Grant (CDBG) program, which helps local governments fund local community development programs.
- HOME housing block grants -- The Administration budget cuts \$200 million from this flexible affordable housing program [an 11% cut].
- Section 8 Rental Assistance – The Administration budget proposes a dangerous \$640 million cut in Section 8 reserves, which could jeopardize local agencies' ability to pay rental subsidy checks on time. The Bush proposal for 34,000 incremental Section 8 vouchers is one-half of the level funded the last three years (and one-third the level proposed by the Clinton Administration).

Employment and Job Training Programs

Employment and job training are critical to Hispanic and black Americans. That is because Hispanics and blacks have higher unemployment rates and less education. And yet, the President proposes to cut overall appropriations for Labor Department job training programs by \$541 million (10%) below the current-year level. Specifically, the Bush budget cuts job training programs for adults by \$50 million (5%), and cut grants to assist workers dislocated by mass layoffs, plant closings by 13% (\$207 million). Further, the Bush budget proposes cut Youth Opportunity Grants by \$25 million (9 %) from FY 2001. These are competitive grants designed to provide intensive services for youth in high-poverty areas, many of who are minority youth.

Welfare, Nutrition & Social Services

Welfare/TANF. Temporary Assistance for Needy Families (TANF) funds currently provide cash assistance, child care, and other anti-poverty services to families with children. More than 6 million children – or 9% of all children – live in families receiving TANF, and many of them are from minority families. Specifically, 38% of families receiving TANF are black, and 25% are Hispanic.

The Bush budget lets the the TANF supplemental grants expire at the end of FY 2001, which will result in funding cuts ranging from 2.4% to 10.4% of the annual TANF block grant among the 17 states affected. By law, the Department of Health and Human Services (HHS) allocates supplemental grants to states with higher poverty levels or with rapid population growth under TANF. These grants help to reduce the gap in expenditures for poor children among wealthier and poorer states. On top of that, the Bush budget permits states to divert federal TANF funds to offset revenue losses from the Bush proposal to create new state income tax credits for charitable contributions.

WIC. The Bush budget provides \$4.137 billion for the highly-acclaimed Supplemental Nutrition Program for Women, Infants, and Children (WIC) in FY 2002. This program provides vital nutrition assistance to 8 million low-income women, infants and children – 23% of which are Black and 32% of which are Hispanic. According to the Center on Budget and Policy Priorities, the Bush budget provides an increase in the WIC operating level that Bush of only \$49 million – or 1.2% – which is less than is needed to cover inflation. (The Bush Administration claims the budget increases funding by \$94 million, but because substantial sums of unspent funds from 2000 were used in 2001, Congress set the appropriation level for 2001 lower than would otherwise have been the case.) Indeed, the Center comments on the Bush budget request for WIC for FY 2002: “For the first time in a number of years, an Administration has proposed a budget that provides insufficient funds to serve all eligible low-income women, infants and children who seek WIC nutrition benefits. In fact, the Bush budget would not provide adequate funds to serve next year the number of women, infants and children on WIC today, despite the fact that the number of women, infants and children who are eligible for and in need of WIC is expected to rise in the coming year as a result of higher unemployment.”

Title XX Social Services Block Grant. The Bush budget provides \$1.7 billion for the Social Services Block Grant (often used by states to serve children and families at risk) – a cut of \$25 million below a freeze at the FY 2001 enacted level – disregarding strong bipartisan congressional support for increasing the Block Grant. The National Governors Association has requested funding of \$2.38 billion for FY 2002 for SSBG, as originally allowed by the 1996 welfare reform legislation. Indeed, the Strengthening Working Families Act recently introduced by a bipartisan group of Senators would set SSBG funding for FY 2002 at this \$2.38 billion level.

Preventing Child Abuse and Neglect. The Bush budget cuts grants to help states investigate and prevent child abuse and neglect by \$16 million – or by 47%. Funding for the program would be reduced from \$34 million in FY 2001 to \$18 million in FY 2002. Furthermore, most other child welfare service programs are frozen at the FY 2001 enacted level.

Community Services Block Grant. The Bush budget freezes funding for the Community Services Block Grant for FY 2002 at the FY 2001 enacted level of \$600 million – despite increased needs. This program provides grants to states for services to meet employment, housing, nutrition, energy, emergency services, and health needs of low-income children and families.

Conclusion

While the President has talked a lot about compassionate conservatism and leaving no one behind, his budget appears to be off-message. To the dismay of our minority communities, this budget appears to sacrifice compassion for the sake of tax cuts.